

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS
SPECIAL EDUCATION PROGRAM**



**CHARLES C. MADDOX, ESQ.
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL



Inspector General

November 22, 2000

Dr. Paul L. Vance
Superintendent
District of Columbia Public Schools
825 North Capital Street, N.E., Suite 9026
Washington, D.C. 20002

Dear Dr. Vance:

Enclosed is the final report (OIG No. 00-2-8GA) summarizing the results of our audit of the District of Columbia Public School (DCPS) Special Education Program. DCPS has taken positive steps to improve its administration of the Special Education Program, but much work remains.

DCPS experienced difficulty in meeting the demands of providing transportation services to its special education students and this situation has been exacerbated because of the nationwide shortage of school bus drivers and the decision not to renew a contract for bus operators. More importantly, DCPS had not implemented measures to reduce transportation costs. Such measures include: 1) devising paired/shared bus routes; 2) implementing staggered bell times; 3) establishing neighborhood school special education programs; and 4) designing efficient and economical bus routes. Similar types of measures have been implemented in other school jurisdictions with significant savings in transportation costs. Implementing such measures could save the District at least \$2.4 million annually.

Our audit showed that DCPS did not have adequate management controls in place to ensure that transportation services were adequately procured, documented, and paid. Specifically, DCPS did not exercise its management responsibility with regard to procurement and contract administration. As a result, DCPS violated procurement regulations and was vulnerable to paying improper charges.

Lastly, we identified the following deficiencies in the administration of the Special Education Program: 1) inaccurate database of special education students; 2) inadequate review of special education tuition payments, and 3) insufficient monitoring of nonpublic day schools and residential schools. As the result of insufficient monitoring, we found that students were attending schools that did not have special education programs or that did not meet the requirements for providing special education. We were able to confirm that DCPS paid

\$175,645 for tuition costs to schools that did not meet the standards for providing special education programs.

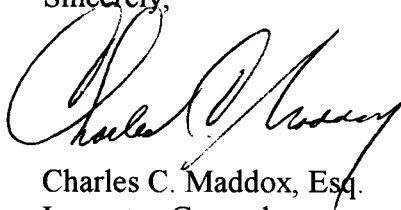
Factors causing these conditions include internal control weaknesses such as insufficient policies, procedures, and personnel and the failure of personnel to comply with regulations. Accordingly, this report contains recommendations that, collectively, represent actions considered necessary to correct the noted conditions.

In commenting on our draft report, DCPS agreed with our recommendations and cited specific actions initiated or planned. The DCPS comments are incorporated where appropriate. The full text of the DCPS response is included at Exhibit A.

We appreciate the cooperation and courtesies extended to our staff by DCPS personnel during the audit. We also note that DCPS began taking immediate corrective action on findings prior to the issuance of our report.

If you have any questions, please call me or have a member of your staff call William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles C. Maddox", written over a horizontal line.

Charles C. Maddox, Esq.
Inspector General

Enclosure

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TABLE OF CONTENTS

EXECUTIVE DIGEST	1
OVERVIEW	2
CONCLUSIONS.....	2
CORRECTIVE ACTIONS	3

INTRODUCTION	4
BACKGROUND	5
OBJECTIVES	7
SCOPE AND METHODOLOGY	8

FINDINGS AND RECOMMENDATIONS	9
FINDING 1: MEASURES TO REDUCE TRANSPORTATION COSTS.....	10
FINDING 2: MANAGEMENT CONTROLS OVER THE PROCESSING, REVIEW, AND PAYMENT OF TRANSPORTATION COSTS.....	17
FINDING 3: ADMINISTRATION OF SPECIAL EDUCATION NONPUBLIC PROGRAMS	20

EXHIBIT	
EXHIBIT A: DCPS RESPONSE TO THE REPORT, FINDINGS, AND RECOMMENDATIONS	

E X E C U T I V E

D I G E S T

EXECUTIVE DIGEST

OVERVIEW

Concerns over transportation issues relating to a shortage of school bus drivers and escalating transportation costs facing the District of Columbia Public School (DCPS) system have received extensive coverage in the news media. At the request of the Chairperson and Co-chair of the Council Special Education Program Investigation Special Committee, the Office of the Inspector General (OIG) agreed to perform an audit of the Special Education Program. Our audit involved a review of transportation costs and management controls related to the Nonpublic Day School Program and the Residential School Program.

On June 22, 1999, the OIG issued a report on the DCPS Special Education Program for FY 1998. Reported findings included a lack of policies and procedures for processing special education payments, absence of proper reviews of invoices by program officials, and inadequate monitoring of schools to ensure that required educational services were being provided to students. This audit included a review of these areas to ensure that DCPS had taken action to implement previous recommendations and correct reported deficiencies.

The families of special education students filed a class action lawsuit in January of 1995. In summary, plaintiffs filed a class action suit because the District of Columbia had failed to provide special education students educational opportunities as required under the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. §§ 1400 *et seq.*, and its implementing regulations. Over the course of nearly 3 years of litigation, this case has touched many aspects of the special education system, such as payments to special education providers; communications between the school system and parents of special education students; and the allocation of responsibility among various governmental entities in the District. Involved governmental entities include DCPS, the Department of Human Services (DHS), and the Receiver appointed by the United States District Court through which special education and related services are provided to children within the D.C. child welfare and foster care systems (the LaShawn Receiver).

An exit plan has been developed which identifies actions necessary to resolve deficiencies identified in the class action suit. The exit plan consists of 23 objectives that express a commitment of DCPS, to address requirements contained in the court orders. Such objectives include assurances that all DCPS students will be transported to and from school in a punctual manner and related tuition costs will be paid timely. The plan also requires DCPS to provide training to staff and to establish written policies and procedures for transportation services and the review and payment of invoices.

CONCLUSIONS

DCPS experienced difficulty in meeting the demands of providing transportation services to its special education students and this situation has been exacerbated because of the nation-wide shortage of school bus drivers and the decision not to renew a contract for buses and operators. More importantly, DCPS had not implemented measures to reduce

EXECUTIVE DIGEST

transportation costs. Such measures include: 1) devising paired/shared bus routes; 2) implementing staggered bell times; 3) establishing neighborhood school special education programs; and 4) designing efficient bus routes. Similar types of measures have been implemented in other school jurisdictions with significant savings in transportation costs. Implementing such measures could save the District at least \$2.4 million annually.

Our audit showed that DCPS did not have adequate management controls in place to ensure that transportation services were adequately procured, documented, and paid. Specifically, DCPS did not exercise its management responsibility for procurement and contract administration. As a result, DCPS violated contracting regulations and was vulnerable to paying improper charges.

Lastly, we identified the following deficiencies in the administration of the Special Education Program: 1) inaccurate database of special education students; 2) inadequate review of special education tuition payments, and 3) insufficient monitoring of nonpublic day schools and residential schools.

Factors causing these conditions include internal control weaknesses such as insufficient policies and procedures, lack of adequate staffing, and the failure of personnel to comply with regulations. Accordingly, this report contains recommendations that, collectively, represent actions considered necessary to correct the noted conditions.

CORRECTIVE ACTIONS

We directed specific recommendations to the Superintendent, DCPS, which represent actions considered necessary to address the concerns described above. The recommendations, in part, center on:

- containing transportation costs,
- allocating sufficient staff to perform required transportation and administrative functions, and
- strengthening policies and procedures over the review of invoices and the monitoring of special education programs.

On November 9, 2000, DCPS provided a formal response to the recommendations in the draft report. Management generally concurred with the reports and provided a listing of actions taken or planned to address each recommendation. The management actions meet the intent of the recommendations. The complete response is included as Exhibit A.

I N T R O D U C T I O N

INTRODUCTION

BACKGROUND

The mission of DCPS is to provide a viable comprehensive system of publicly supported education for students from pre-kindergarten through grade twelve. In striving to meet its mission, DCPS provides educational programs at the elementary and middle school levels and at junior and senior high school levels for about 72,000 students. DCPS also provides career-training opportunities for adults at its career development center and special educational services for about 10,600 of its students who have special needs. DCPS provides bus services for about 4,200 of its special education students. For FY 2000, special education costs exceeded \$117 million (for tuition and transportation). These amounts do not include salaries for teachers, aides, or psychologists employed by District public schools that offer special education programs.

The Individual with Disabilities Education Act was enacted to ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs and prepare them for employment and independent living. The Special Education Compliance Agreement between DCPS and the U.S. Department of Education, dated March 1998, states that all children with disabilities should receive related services specified in their individualized education plan (IEP). Additionally, the draft copy of DCPS's Handbook for Special Education requires DCPS to establish collaborative relationships with private schools to ensure that a comprehensive high quality education is provided to children with special education needs and monitor compliance through procedures such as written reports, on-site visits, and parent questionnaires.

Special education students include those students who have physical, emotional, mental, learning or other health disabilities. Special education requirements may range from tailored coursework at a grade level below a student's placement for a particular subject to providing instruction to students who have severe learning disabilities. In order to meet the educational needs of these students, therapists, nurses, or other professionals are required. The facilities and transportation service provided must be able to accommodate students with physical handicaps. Such requirements include wheel chair accessibility and handicap restroom facilities.

Residential Program. DCPS provides funding for approximately 341 DCPS special education students attending 46 residential program facilities. Three of these facilities are located in the District and 19 are located in the neighboring states of Maryland and Virginia. The remaining 24 facilities are located in 14 other states. Students are placed in residential programs because suitable educational facilities are not available within the District limits. Students attending a residential facility usually have a history of chronic or pervasive disabilities that require 24-hour structured care and supervision. Residential programs offer students year-round intensive therapeutic treatment programs to assist students in learning life skills as well as educational and vocational skills.

INTRODUCTION

Nonpublic Day Program. DCPS provides funding for approximately 1,800 special education students attending 81 nonpublic day schools. Thirty-three schools are located within the District and the remaining are located in nearby Maryland and Virginia. Students placed in a nonpublic day program have similar disabilities as described for the residential program except they do not require 24-hour structured care and supervision.

We conducted site visits at nine facilities to verify the schools existence, the student placement, and to assess the level of monitoring provided by DCPS. We also observed the condition of the facilities. We noted, for the most part, that the schools maintained a clean and adequate learning environment for the students.

On the right is a picture of a row house located in northwest D.C. that has been converted for use as a nonpublic day school. The facility has three classrooms and accommodates approximately 30 students.



Below: Examples of DCPS nonpublic day schools that have special education programs.



INTRODUCTION

Below: A typical DCPS bus used to transport special education students.



Wheel-Chair Configuration



Regular Configuration

OBJECTIVES

The overall objectives were to determine whether the Special Education Division of the District of Columbia Public Schools: 1) managed and used resources effectively and efficiently; 2) complied with provisions of applicable laws, regulations, procedures and policies; and 3) had internal controls in place to prevent or detect material errors and irregularities. We applied these objectives to the areas of bus transportation services and related costs and special education student information, tuition payments, and monitoring.

INTRODUCTION

SCOPE AND METHODOLOGY

The audit scope primarily covered transactions from October 1998 through August 2000. We reviewed DCPS policies and procedures as well as management controls established to ensure compliance with court orders and regulatory requirements. We reviewed prior reports of the special education program and evaluated the sufficiency of management's actions to correct reported deficiencies. We interviewed DCPS management, employees, contractors, and union representatives to determine the validity of the deficiencies reported in the media and to gain a general understanding and overview of the special education payment and transportation functions, procedures, and operations. We reviewed transportation costs and the process for payment of tuition. We also interviewed program personnel and private school officials regarding the monitoring of special education students, nonpublic day schools, residential schools, and school busing contractors.

Additionally, the OIG team interviewed the Special Master of United States District Court for the District of Columbia who has been appointed to oversee the implementation of an exit plan developed by the plaintiffs and DCPS. Lastly, we interviewed the parents or guardians of special education students, principals of nonpublic day programs, bus drivers and attendants to obtain their opinions as to the problems with the transportation service and any comments or suggestions for improvement. In order to identify cost saving measures, we contacted other jurisdictions and obtained information on special education operations and transportation costs.

We conducted our audit in accordance with generally accepted government auditing standards.

F I N D I N G S

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R E C O M M E N D A T I O N S

FINDINGS AND RECOMMENDATIONS

FINDING 1: MEASURES TO REDUCE TRANSPORTATION COSTS

SYNOPSIS

DCPS experienced difficulty in meeting the demands of providing transportation services to its special education students and this situation has been exacerbated because of the nation-wide shortage of school bus drivers and the decision not to renew a contract for buses and operators. More importantly, DCPS had not fully implemented measures to reduce transportation costs. Such measures include: 1) devising paired/shared bus routes; 2) implementing staggered bell times; 3) establishing neighborhood school special education programs; and 4) designing efficient bus routes. Similar types of measures have been implemented in other school jurisdictions with significant savings in transportation costs. Had DCPS implemented such measures, transportation costs could have been reduced by about \$2.4 million.

DCPS started to implement such programs to take advantage of possible cost savings; however, DCPS officials have met with opposition from labor unions and school faculty and have realized that many school buildings are not able to house students with physical disabilities. As a result, DCPS paid approximately \$10,000 per student for transportation services during the FY 2000 school year.

AUDIT RESULTS

The DCPS system lacked sufficient drivers to transport special education students for the FY 2001 school year that began full operation on September 5, 2000. Approximately 4,200 students will require transportation during the school year. As a result, DCPS may violate court orders that require timely transport of students, and therefore, may incur court-imposed fines. A nation-wide shortage of bus drivers and the termination of a contract that supplied drivers and attendants hampered DCPS's ability to obtain needed bus drivers.

DCPS provided transportation services to approximately 2,577 special education students in the summer of 2000. In previous school years, DCPS contracted out the majority of its transportation services. Based on concerns about the punctuality of the contractor's drivers, DCPS changed the contract terms to 30-day agreements. The contractor decided not to renew the contract option in June. DCPS currently performs required transportation services.

FINDINGS AND RECOMMENDATIONS

Finding 1: Measures To Reduce Transportation Costs

DCPS special education transportation standards require students to be delivered to their school programs no more than 30 minutes and no less than 10 minutes prior to program start time. Additionally, the proposed exit plan resulting from the class action suit requires DCPS to transport students to and from school and provide related services in a punctual manner and to assess on a routine basis, the transportation needs of students to determine whether any changes in staff and equipment are necessary.

DCPS made improvements in tracking and assessing the needs of students requiring transportation services. For instance, DCPS developed a database that contained fields for a student's address, home telephone number, emergency contact, school attended, classmates on the bus, route number, driver and attendant names, special needs of the child, and nature of the child's disability. The same database yields information on the daily count of the number of students who attend a particular school and those students who live in a particular zip code area, require a bus with a wheel chair lift, and other significant information. However, the accuracy of the database is critical to enable the Transportation Division to assume the responsibility for arranging the transportation for children with disabilities and cope with the many address changes that are logged each week. We identified errors in this database. These deficiencies are discussed in detail in finding number three of this report.

In an attempt to aide DCPS in its efforts to reduce transportation costs, we will share the results of data gathered on the methods employed by other school jurisdictions, results of surveys conducted, and our own observations of the deficiencies with the current transportation system. Our hope is to provide DCPS management with benchmarks or other insights as to the causes of the problems and possibly aid in identifying workable solutions.

Transportation Service Surveys. We surveyed parents of special education students, principals of nonpublic day schools, DCPS bus drivers and bus attendants to obtain their opinion on the transportation service provided by DCPS or its contractors. We also observed bus routes to determine the length of time students were actually on the bus and to evaluate the timeliness of transportation services provided. Parent responses varied as to the satisfaction with the quality of service. Answers almost evenly ranged from "very satisfied" to "very dissatisfied."

Parents who were not satisfied with the bus service remarked that attendants needed more training in handling children and that more attendants and buses were needed. Comments included the need for drivers and attendants to be more courteous and patient with the students.

Principals of nonpublic day schools were also asked to evaluate the transportation service provided to students. Mixed results were received on the

FINDINGS AND RECOMMENDATIONS

Finding 1: Measures To Reduce Transportation Costs

timeliness of transportation service. Some principals we surveyed reported that buses are late 1 day or less per week while others stated that buses are late as many as 4 days per week. Overall, principals stated that they never or rarely receive complaints about busing from the parents and that they were generally very satisfied with the DCPS transportation service.

All of the bus drivers and attendants surveyed stated that they were satisfied with their jobs but had complaints about training, equipment, management, and routing. Some commented that they only receive one training course a year when training should be once every 6 months. Specific examples of training provided included a course in “anger management” to better deal with the special needs of the children they serve. Drivers and attendants stated that management should be required to take this course in order to deal better with subordinates. Management was cited as only giving negative feedback and being insensitive. For example, drivers and attendants were not allowed to use the restroom facilities in the management building at one of the terminals. It was also reported that channels of communication need to be improved especially in relaying or filtering down information from DCPS to the Transportation Division and drivers. Specifically, concerns of timeliness and accuracy of data relating to the route manifests were raised. For example, bus drivers are not always informed timely of important changes, such as a transfer of a student to a different school or a change in a student’s home address.

Additionally, the drivers expressed complaints with the bus-to-terminal and bus-to-bus communications system. Currently, DCPS uses a cellular phone system. Drivers stated that they can only communicate with the terminal and not with other drivers. Sometimes it may take 5 minutes to get through to the terminal due to the volume of calls. If an emergency occurs, communication among drivers may be essential for safety.

We asked bus drivers to comment on how to improve transportation services and to identify sources of dissatisfaction. Bus drivers reported pay discrepancies and difficulty in achieving resolutions. In order to improve working conditions and attendance, the drivers suggested better planning by management in:

- designing bus routes
- ensuring correct information on student addresses and schools
- providing incentive programs and career paths

We also monitored a sample of DCPS bus routes, during the month of August 2000 to evaluate the adequacy and timeliness of service provided. At random, without informing DCPS, we selected routes to monitor. In some instances, our auditors accompanied bus drivers on selected routes, and in other cases, we merely observed bus

FINDINGS AND RECOMMENDATIONS

Finding 1: Measures To Reduce Transportation Costs

routes and noted pick-up times and length of time on the bus. In all instances, the students were picked up within established guidelines and transported to school on time.

Proposed Initiatives. DCPS officials were attempting to address the issue of transportation costs by evaluating various initiatives, such as: 1) proposing a stipend of \$3,000 to \$7,500 to parents who are willing to transport their child/children to school; 2) attempting to procure driver services on an as needed basis from contractors for temporary employment; 3) involving neighboring jurisdictions (e.g. Prince George's County Public Schools) by requesting the use of their bus terminals and/or by requesting them to transport DCPS students that live in their jurisdiction; 4) recruiting private schools that are willing to provide transportation to students attending their school; and, 5) negotiating changes in the starting time for District public schools so that drivers would be able to service more than one route each day.

The following is a discussion of methodologies employed at other jurisdiction that have proved to reduce transportation costs.

Paired/Shared Bus Routes. A different driver and attendant serviced each DCPS bus route. Students are picked up at their residence in the morning, delivered to school, and returned home each afternoon. Route sharing or pairing would be a more efficient use of transportation (drivers, attendants, and buses). Route sharing means that two or more routes are assigned to a driver. A driver completes one route by picking up students, delivering them to school, and then starting and completing additional routes.

Pairing of buses also saves money. The OIG for the Board of Education of the City of Chicago recently issued an audit report entitled "Evaluation of Student Transportation Program." The report, based on a 12-month review of transportation in the Chicago Public Schools (CPS) system, found that paired bus routes increased from 231 in January 1997 to 447 in June 1999. The increase in pairing saved CPS more than \$600,000 for the year ended June 1999. Altogether, pairing of bus routes (the new and prior paired routes) saved CPS almost \$5 million for that year. The report further noted that in many school districts nearly all routes are paired with a single bus driver serving three or more routes daily.

For FY 2000, DCPS serviced 418 routes. During this same time period the contract for leasing buses totaled \$9.2 million or \$18,775 per bus. Associated costs for bus drivers and attendants were reported at \$31.08 per hour and \$27.08 per hour respectively. Drivers worked 7 hours per day and, therefore, cost \$1,087.80 per week. Attendants worked 6 hours per day, and therefore, cost \$812.40 per week.

Based on this data, for the FY 2000 school year the cost to operate one route is estimated at \$94,783. Should a driver complete a second route, the cost per route could

FINDINGS AND RECOMMENDATIONS

Finding 1: Measures To Reduce Transportation Costs

be reduced by 50 percent, i.e., \$47,391. It is not unreasonable to assume that DCPS could pair at least 50 of its 418 routes. This pairing could eliminate the need for 25 drivers, attendants, and buses, which could reduce transportation costs by \$2,369,575 (\$94,783 x 25). Furthermore, pairing of routes could enable DCPS to deal more effectively with the nation-wide bus driver shortage.

Staggered Bell Times. DCPS did not employ staggered bell times/schedules. By staggering the “bell schedules” of DCPS schools, bus drivers could be assigned to serve more than one route. Staggered bell times would allow a driver to run multiple routes. The theory behind staggered bell times is to enable drivers to service multiple routes which would in turn reduce the number of buses, drivers, and attendants needed to accommodate students. Simply stated, when a bus driver completes one route by dropping off students at school that begins classes, say 30 minutes before a second school, the driver can serve another route. The report on CPS states that where pairing of buses occurs in Chicago, the schools involved have three or four different bell times.

DCPS officials have not staggered bell start times due to resistance from teachers and parents and to a contract provision with the teachers’ union that requires teachers to approve changes in the bell schedule. DCPS officials further stated that they tried unsuccessfully to have District officials declare an emergency so that the union contract provision could be waived.

DCPS received permission from teachers at three schools to use staggered bell times for the 2000-2001 school year. This agreement/permission will allow the Transportation Division to pair bus routes for these schools. Plans are underway to implement changes to execute this proposal.

Neighborhood School Programs. Not all DCPS neighborhood schools offer special education curriculum. Therefore, DCPS special education students are bused to public schools that offer special education programs throughout the District and to non-public day schools throughout the Washington metropolitan area. Hence, added transportation costs are incurred for picking up and delivering these students throughout the metropolitan area.

For the 1999-2000 school year, we identified 22 special education bus routes with solo riders. A student may be a solo bus rider due to his particular handicap, home address, or school location. Likewise, some bus routes may have two or three students due to the student’s home address and the location of the school they attend. Based on the average cost of \$94,783 of operating a bus over a 40-week period, the total for transporting these 22 riders exceeded \$2 million. Additionally, we identified five bus routes that serviced only two students and four bus routes that serviced only three students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Measures To Reduce Transportation Costs

Insufficient neighborhood school programs also contribute to the under utilization of school buses. Our audit identified that special education buses have an under-utilization rate of approximately 39 percent. Contributing factors to the under-utilization of buses include the equipment needs of the students and their home and school locations.

Most regularly configured school buses have a seating capacity of 18 to 20 students. The transportation director stated that many bus routes average six to seven students because these students are transported outside of their neighborhoods.

Outdated Routing Methodology. For the 2000-2001 school year, DCPS has begun operating 467 routes that serve approximately 4,200 special education students. Two employees with the aid of a Microsoft access database program manually designed these routes. This manual process is not as efficient and effective as a computerized process and does not produce street maps that would aid the drivers in learning the routes. DCPS uses a manual process because the contractor who formerly designed routes ended its contractual relationship with DCPS.

During our audit, we were informed that DCPS had purchased a software routing package. However, that software was designed for “block stops” as opposed to the door to door transportation of students in the District. DCPS has begun investigating the use of another routing system. However, we were informed that funds have not been budgeted for purchasing the software package. Obtaining a computerized routing software and sufficiently staffing the routing unit is essential to providing efficient transportation service and would also aide in meeting the objectives set forth in the class action suit.

RECOMMENDATION 1

We recommended that the Superintendent, DCPS:

- a. Implement policies such as staggered bell times and paired bus routes in an attempt to reduce the cost of transportation, and
- b. Establish training programs and career paths for drivers and attendants.

FINDINGS AND RECOMMENDATIONS

Finding 1: Measures To Reduce Transportation Costs

DCPS RESPONSE

Staggered bell times have been established and implemented for three (3) DCPS schools, with the approval of the parent and school community. Approximately thirty-two routes have been impacted by the change in bell times that began on September 11, 2000.

A training program for attendants who want to become drivers has been developed and the first class of the first series of about ten (10) classes began on November 4, 2000. The training program is designed to provide attendants with classroom and hands-on training that will help them to pass the commercial driver's license examination.

OIG COMMENT

The actions planned and taken by DCPS meet the intent of the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 2: MANAGEMENT CONTROLS OVER THE PROCESSING, REVIEW, AND PAYMENT OF TRANSPORTATION COSTS

SYNOPSIS

DCPS did not have adequate management controls in place to ensure that transportation services were adequately procured, documented, and paid. Specifically, DCPS did not exercise its management responsibility for procurement and contract administration. DCPS officials stated that the school system did not have the required infrastructure (staff) in place to perform the required reviews of invoices processed or to ensure adherence to contract terms. As a result, DCPS violated procurement regulations and was vulnerable to paying improper charges.

AUDIT RESULTS

Services Procured Without A Contract. DCPS procured approximately \$270,000 in bus maintenance services without a valid written contract. In addition, DCPS failed to record the expenditures in the proper period and recorded a portion of the transportation expenditures in the wrong account. As a result, DCPS staff violated procurement regulations, risked exceeding the transportation budget, and caused unrecorded liabilities to exist. This condition primarily occurred because DCPS employees incorrectly thought that preparation of a requisition was the same as having a contract in place.

D.C. Code § 1-1181-5(d)(2) states that, after April 12, 1997, no District employee shall enter into an oral agreement with a vendor to provide goods or services to the District government without a valid written contract. Any violation of this requirement shall be cause for termination of employment of the District employee. In addition, § 1-1181-5(d)(3) states that any vendor who chooses after April 12, 1997, to provide goods or services without a valid written contract shall not be paid.

DCPS stated that the services were procured to respond to the special needs of DCPS children. We were informed that the vendor continued to provide maintenance services even though DCPS's chief contracting officer directed the vendor to cease and desist providing any maintenance services on DCPS owned buses without a valid, written contract. A DCPS accounts payable supervisor stated that because the services were procured improperly, without any budget structure in place, the expenditures could not be entered into the system until the expenditure was ratified.

FINDINGS AND RECOMMENDATIONS

Finding 2: Management Controls Over The Processing, Review, and Payment of Transportation Costs

Since the expenditures had to be ratified by the District's Chief Financial Officer, the expenditures were not recorded in the books until the period after they had been incurred. DCPS requested the District's Chief Financial Officer to ratify the expenditures in a letter dated June 9, 2000. The late ratification resulted in transportation expenditures being understated for one fiscal period and overstated for another fiscal year.

Insufficient Documentation To Support Incidental Repairs. Invoices paid by DCPS to a contractor for incidental bus repairs did not contain adequate support. Specifically, we identified billings of \$88,467 that did not identify hourly rates, details of hours charged, and itemized costs for parts.

Mayor's Memorandum 83-68, "Decentralization Accounting and Certification Systems for Charges Against the District of Columbia Government," requires that vouchers should be pre-audited to determine that the payment is in accordance with terms of the applicable agreement and that the proper forms of documentation were used to support the payment.

The vehicle lease service agreement stipulates that DCPS is responsible for all incidental repairs not covered by the lease payments, including but not limited to, damage from accidents, vandalism, or abuse. Additionally, contract terms allow for labor charge of \$48.25 per hour and a parts charge equal to Contractor's cost plus 5 percent. The contractor agreed to minimize the cost to DCPS through the use of subcontractors. We could not document the use of any subcontractor in the contractor's billings. Furthermore, the incidental repairs were for damages, including accidents, when the contractors' drivers operated the buses. DCPS was also billed for incidental repairs by a second contractor for buses leased from that contractor but driven by drivers employed by the first contractor. The contract was supposed to be for repairs caused by drivers employed by DCPS only.

The DCPS Transportation Director stated that he took issue with the billings for the incidental repairs by both contractors. Furthermore, the DCPS Contracting and Procurement Officer advised the Transportation Director that she would attempt to obtain reimbursement from the contractor at a later time. The Transportation Director stated that when the contract was written, DCPS drivers were intended to operate the buses. However, DCPS contracted for drivers but did not modify the contract to reflect who was responsible for damages to the buses.

FINDINGS AND RECOMMENDATIONS

Finding 2: Management Controls Over The Processing, Review, and Payment of Transportation Costs

Liquidated Contract Damages. DCPS officials did not timely claim liquidated contract damages in the amount of \$261,260 allowed under its contract for transportation services. As a result, DCPS lost the potential for interest revenues on these monies and may jeopardize the recovery of the entire amount.

During the period August 1999 through April 2000 the contractor did not provide transportation services for 4,716 bus routes. The contract between DCPS and the contractor for drivers and attendants provides for liquidated damages in the amount of \$50 per missed trip in the event the contractor does not fully perform the services called for in the contract. DCPS fined the contractor \$235,800 (4,716 x \$50) for missed trips. In addition, DCPS assessed liquidated damages of \$25,460 for 67 routes that the contractor failed to service for the period August 1999 to September 1999. DCPS did not claim damages for these missed trips until July 17, 2000. In a related contract issue, DCPS withheld a 4 percent payment of \$221,417.85 on the contractor's invoices for the period February 2000 through April 2000. The withholding of the amount concerned the cross utilization of contractor drivers and attendants.

RECOMMENDATION 2

We recommended that the Superintendent, DCPS, implement controls that ensure:

- a. Procurement regulations are adhered to,
- b. Adequate support for all expenditures are maintained, and
- c. DCPS personnel accurately review invoices and certify for payment only those charges allowed in the contract.

DCPS RESPONSE

All DCPS employees, including those in the Division of Transportation, will be held responsible for adhering to the relevant procurement procedures, including the requirements set forth in Recommendations 2a and 2b.

OIG COMMENT

The actions set forth by DCPS should correct the conditions noted.

FINDINGS AND RECOMMENDATIONS

FINDING 3: ADMINISTRATION OF SPECIAL EDUCATION NONPUBLIC PROGRAMS

SYNOPSIS

DCPS did not properly administer the Special Education Program. Specifically, DCPS did not: 1) maintain accurate information on students enrolled in special education programs; 2) establish clear policies regarding allowable costs for the special education program; 3) provide adequate staff to properly review tuition invoices; and 4) sufficiently monitor special education programs and facilities. As a result, DCPS paid tuition-related costs of about \$176,000 for students who attended special education facilities that may not have met special education requirements. Further, the absence of accurate information impedes management's ability to administer effectively and efficiently the Special Education Program.

AUDIT RESULTS

DCPS had taken steps to improve its review of invoices and its monitoring of special education programs and facilities. In FY 1999, DCPS hired a director for the Special Education Division, implemented a management information system to track special education students, and began to conduct reviews of special education students placed at nonpublic facilities. Even with these initial steps complete, DCPS must continue to improve its administration of the special education program.

Maintaining an Accurate Database

DCPS did not have an accurate, real-time database that identifies the students enrolled in special education programs and their related personal data. Accurate data is essential to planning for and providing transportation for the students as well as the monthly review of tuition invoices. Due to insufficient staff, DCPS has been unable to keep up with the many address changes and school placement changes that occur each week.

Transportation Database. The existing DCPS database tracks a student's name, address, home telephone number, emergency contact, school attended, route number, name of the driver and attendant, special needs of the child, nature of the child's disability, and date the child began using transportation. However, the data

FINDINGS AND RECOMMENDATIONS

Finding 3: Administration Of The Special Education Program

contained in the database was not always current due to student address and need changes.

Student Information System Database. We reviewed the Students Information System (SIS) database as of May 8, 2000. An examination of the data revealed incomplete information on critical fields such as school assignment and transportation needs. Specifically, we noted that 97 residential students were not assigned to a school. The database identified only 53 residential program facilities, but a separate database maintained by the supervisor for the program showed the actual number of facilities attended by DCPS students was closer to 70. We obtained an updated copy of this database as of August 2000 that showed an additional 17 students placed at 1 or more of the 46 residential facilities. The August 2000 database also contained incomplete information on critical fields such as school assignment and transportation needs.

In order to assess the accuracy of the information contained in the SIS (as of August 2000), we mailed confirmation letters to the parents or guardians of all 341 students identified as enrolled in the residential program. The results of the confirmation testing showed that of the 176 responses, 81 were returned due to bad addresses and 32 of the responses indicated that the student was not enrolled at the school listed in the SIS. Additionally, 1 confirmation letter reported that 1 child had been separated from DCPS school for more than 2 years although the database listed the individual as a current student. Only 63 of the responses received confirmed that the student was enrolled at the listed school. We have provided the results of our confirmations to DCPS management for follow-up. DCPS initiated corrective action during the audit

Special Education Tracking System. In an attempt to address deficiencies with the SIS, DCPS implemented the Special Education Tracking System (SETS) in December of 1999. SETS is an information system installed to provide a number of school-based compliance monitoring reports to meet court ordered requirements. This new system will complement the SIS to provide real-time access, enhanced features, and security currently lacking in the present SIS. Currently, SETS is operational. However, DCPS has not completed data verification and the installation of new modules for the automatic tracking of students. Total cost for SETS through July 27, 2000, was about \$2.68 million.

Reviewing Tuition Invoices

Our review of this area focused on evaluating the resources available and the controls established by DCPS to review tuition payments. During the period under audit, we determined that improvements were needed over reviewing approximately \$96 million in expenditures which represented thousands of invoices. We did note that DCPS has hired staff for the nonpublic day school program, the residential school

FINDINGS AND RECOMMENDATIONS

Finding 3: Administration Of The Special Education Program

program, and the accounts payable unit overseeing the special education payments. Additionally, DCPS's budget for FY 2001 requested additional positions.

Staffing Shortages. DCPS did not have sufficient staff available to adequately review tuition invoices. We were informed that staff is unable to perform adequate reviews due to overwhelming workloads and other responsibilities. For example, we identified that 7 of 10 DCPS placement specialists/monitors for the nonpublic day schools were assigned a caseload of over 200 students. According to the supervisor for the program, a normal caseload was 120 students. Inadequate review of invoices increases the likelihood of paying for improper charges.

DCPS Handbook for Special Education. DCPS policies and procedures did not include guidelines for determining allowable expenses. In our review of invoices and through discussions with personnel who are required to certify vouchers for payment, we identified that invoices for tuition costs may contain other costs outside of educational services such as those attributed to building and grounds. At the discretion of the reviewer, these additional costs may or may not be approved for payment. Draft procedures relating to the review of invoices were disseminated to DCPS staff during calendar year 2000. However, these procedures do not address the issue of allowable costs.

Good internal controls require that invoices be properly reviewed and certified indicating that services/goods billed were delivered in accordance with contract or purchase order terms. Such controls help ensure that services or goods not delivered, or which are not of acceptable quality or in accordance with specifications, are not paid.

Late Payments. The U.S. District Court fined DCPS \$2.5 million in connection with a class action suit concerning late payments. DCPS included steps in its exit plan to the class action suit that describes measures to improve the review of invoices and ensure timeliness of payments. Based on this good faith effort, the court has waived the original fines.

We noted that the DCPS Division of Finance certified many vouchers during FY 2000 for payment in order to avoid late payments. The normal review process requires invoices to be reviewed and approved for payment by the program staff officials, not the staff of the DCPS Division of Finance. During this time period, both staff and supervisors in the residential and day school programs were diverted to another assignment that, in addition to other office duties, left little or no time to examine and certify all special education invoices as they came due. In some cases, lost or forgotten invoices led to written complaints filed by providers or attorneys on behalf of the providers threatening court action for violating court-ordered procedures.

FINDINGS AND RECOMMENDATIONS

Finding 3: Administration Of The Special Education Program

Required Services Were Not Provided. During our audit, we found that students were attending schools that did not have special education programs or that did not meet the requirements for providing special education. We were able to confirm that DCPS paid \$175,645 for tuition costs to schools that did not meet the standards for providing special education programs. Without adequate monitoring of special education programs and facilities, DCPS is not able to ensure that educational services are being provided in accordance with agreements or the extent to which the services were provided.

DCPS reviewed special education programs at 23 nonpublic residential schools and determined that 15 schools did not meet the standards for providing a special education program. Total tuition costs for these 15 schools could not be readily identified; however, costs for 6 of the 15 schools totaled \$175,645. Additional tuition payments were likely paid through a parent attorney or a guardian educational advocate representative. We attribute the placement of students in the wrong schools to DCPS's untimely assessment of students' needs and/or failure of DCPS staff to attend the related determination hearings and court proceedings. DCPS reviewed special education programs at approximately 60 nonpublic day schools and charter schools. Many of the nonpublic day schools have multiple sites.

Existing DCPS regulations do not require DCPS to monitor all special education programs or facilities but do require DCPS ensure that all students are provided the educational services outlined in their respective individual educational plan. We believe that in order to ensure that educational services are being provided in accordance with agreements, DCPS must not only review and monitor the educational progress of the student as documented in personnel files but must also review and monitor the operations and programs at nonpublic day school and residential facilities and the credentials of the instructors, nurses, and therapists.

We were informed that DCPS did not conduct site visits at all nonpublic day schools or residential facilities to monitor the programs, the conditions of facilities, and the qualifications of the instructors. Instead, DCPS monitored students' progress based on reports reflecting the services provided and progress achieved.

RECOMMENDATION 3

We recommended that the Superintendent, DCPS:

- a. Complete the remaining tasks to implement the databases for the Special Education Tracking System and establish controls to ensure data is accurate and complete,

FINDINGS AND RECOMMENDATIONS

Finding 3: Administration Of The Special Education Program

- b. Establish controls to strengthen the day-to-day payment processing activities and ensure that adequate staff is available to process tuition payments timely, and
- c. Conduct on-site monitoring of special education student facilities and programs on a routine basis to ensure that required and quality educational services are being provided.

DCPS RESPONSE

The SETS office is continuously auditing the data entered by DCPS schools, and is monitoring the monthly milestones for continued implementation. The nonpublic day and residential units meet with SETS personnel on a weekly basis to review various reports for accuracy and completeness of the data. Two additional data specialists are being hired to provide more technical support.

The Division of Special Education has requested additional personnel for the residential and nonpublic day school units. Additionally, the fiscal officer for the division had developed a process for the review and approval of tuition, and a form that would standardize requests for payment and simplify the review process. DCPS is negotiating with class counsel on the use of this form as well as changes in the current payment procedures. Chapter 3 of Title 5 of the District of Columbia Municipal Regulation has been revised to reflect the requirements of the 1007 amendments to the IDEA, and establish the criteria for consideration as a nonpublic school provider. An application for consideration as a nonpublic provider has been developed as well. The criteria for consideration and the application will support a system of approval as a nonpublic provider and support standardization of rates and allowable costs. The DCPS Office of Contracts and Acquisitions is working with the Division of Special Education on the procedures and process for approval through contract.

Meetings have been held with the directors of nonpublic and charter schools to explain policies and procedures and introduce them to the monitors with whom they will be working on- and off-site during the 2000-2001 school year.

OIG COMMENT

The actions planned and taken are responsive to the recommendation.

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

**RESPONSE TO THE
AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS
SPECIAL EDUCATION PROGRAM**

**BY THE
OFFICE OF THE INSPECTOR GENERAL
[OIG No. 00-2-8GA]**

**DR. PAUL L. VANCE
SUPERINTENDENT**

November 11, 2000



**DISTRICT OF COLUMBIA
PUBLIC SCHOOLS**

Office of the Superintendent

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November 9, 2000

Charles Maddox, Esquire
Inspector General
District of Columbia
717 14th Street, N.W.
Washington, D.C. 20005

**Re: OIG No. 00-2-8FA
DCPS Special Education Program Audit**

Dear Mr. Maddox:

Enclosed is the District of Columbia Public Schools' (DCPS) response to the above referenced report. We agree with your acknowledgement that DCPS has moved forward with improving the administration of the special education program, and are aggressively addressing the issues that remain.

In particular, policies and procedures for the delivery of special education services, including a revision of the municipal regulations, have been developed to reinforce compliance with federal regulations and provide necessary clarity regarding the delivery of services. Our staff in the nonpublic and residential units staff are monitoring nonpublic and residential facilities within the context of these policies and procedures. Implementation of the Special Education Tracking System (SETS) continues, and we are negotiating ways to define allowable costs for tuition payments and ensure timely, appropriate payments.

The process for approving nonpublic facilities is projected to be completed this school year. We are also expanding the options for possible placements within our public schools by helping to build schools' capacities to serve our students in their neighborhood, and clarifying operational policies and procedures.

Effective October 1, 2000, a Transportation Administrator was hired as a temporary employee to review, make recommendations for, and implement, changes in the delivery of transportation services so that DCPS can exit from the *Petties* class action suit. The fulfillment of, and sustained compliance with, the twenty-three objectives in the *Petties* Exit Plan should ensure that students are transported timely and cost effectively, and payments to private providers will be accurately and timely made. During his brief tenure to date, the Transportation Administrator and the Director of Transportation have instituted regular training for terminal staff, developed a program to help attendants interested in becoming drivers to take and pass the commercial driver's license test, improved awareness of transportation central and terminal management/operational staff regarding the *Petties* suit and the 23 objectives of the Exit Plan, and have facilitated discussions with a contractor regarding completion of implementation of the automated routing, scheduling and mapping systems begun in 1998.


Letter: Charles Maddox, Esq.
November 9, 2000
Re: OIG No. 00-2-8GA (Response)
Page 2

As you can see in the enclosure, DCPS has clarified certain portions of the audit report, and has provided additional information that may serve to clarify some of the background information and findings in your October 12, 2000 draft report.

If you have any questions or need additional information, do not hesitate to contact our General Counsel, Veleter M. B. Mazyck, at (202) 442-5000, or me at the above number.

We appreciate the opportunity to provide this response.

Sincerely,


Paul L. Vance
Superintendent

Enclosure

cc: Janie McCullough
Abdusalam Omer
John Koskinen
Veleter M. B. Mazyck

**DCPS RESPONSE TO INSPECTOR GENERAL
REPORT OIG NO. 00-2-8GA**

**AUDIT OF THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS
SPECIAL EDUCATION PROGRAM**

**Executive Digest
(Pages 2-3)**

Overview (Page 2):

This audit involved nonpublic special education programs and services, specifically, and transportation, generally.

Conclusions (Pages 2-3):

Although DCPS had not implemented all measures listed on page 3, it has:

1. Implemented staggered bell times for three of its city-wide special education schools beginning September 11, 2000, with the approval of the parent and school communities of each school. [See Finding 1 response.]
2. Implemented and/or expanded additional neighborhood school special education services for the 1999-2000 school year, including, but not limited to, behavior management classrooms and services for emotionally disturbed students at twelve local schools.
3. Implemented a stand-alone case management model at one location beginning this school year (2000-2001) to serve up to 80 students, and expanded services for 60 additional junior high school age students, and 80 additional senior high school age students at two other locations.

**Findings and Recommendations
(Pages 10-23)**

Finding 1: Measures to Reduce Transportation Costs

Page 11

The "database" developed by DCPS as described in the introductory language of the audit's Findings and Recommendations, Finding 1, is a combination of at least two databases. The first is the Transportation Database developed by DCPS' Management Information Systems for use by Special Education and Transportation to place students on transportation and assign students to routes, respectively. The route manifest database includes all students on each bus/route, while the other two databases do not.

Page 14

Staggered Bell Times: The bell time change for Mamie D. Lee, Prospect Learning Center and Sharpe Health School was implemented beginning September 11, 2000, and impacted approximately 32 routes. The new bell times for those schools are 7:45 a.m. and 2:15 p.m., compared to 8:45 a.m. and 3:15 p.m. for all other DCPS schools.

Page 15

Outdated Routing Methodology: A contractor who began installation of an automated routing system for DCPS in 1998, which was not completed, has expressed interest in renewing its business relationship with DCPS, and completing the installation of a system that will accommodate DCPS' needs

for door-to-door transportation. DCPS is committed to seeing the installation process through to its conclusion in order to provide efficient transportation service for special needs students.

Recommendation 1 (Page 16):

- a. Staggered bell times have been established and implemented for three (3) DCPS schools, with the approval of the parent and school community. Approximately thirty-two routes have been impacted by the change in bell times that began on September 11, 2000.
- b. A training program for attendants who want to become drivers has been developed and the first class of the first series of about ten (10) classes began on November 4, 2000. The training program is designed to provide attendants with classroom and hands-on training that will help them to pass the commercial driver's license examination.

Finding 2: Management Controls Over the Processing, Review, and Payment of Transportation Costs

Recommendation 2 (Page 18):

All DCPS employees, including those in the Division of Transportation, will be held responsible for adhering to the relevant procurement procedures, including the requirements set forth in Recommendations 2a. and 2b.

Finding 3: Administration of the Special Education Program

Pages 19-20

Synopsis: The programs audited were nonpublic programs only.

Maintaining an Accurate Database:

The Student Information System (SIS) is not used for transportation, and updated and new information regarding special education students has been entered into the Special Education Tracking System (SETS), where the emphasis has been placed during the last year. The verified data in SETS is to be used to populate and update the SIS database. Furthermore, the residential population was not included in SIS until the 1999-2000 school year. Notably, the residential population of special education students contains some of the most transient children within the population. When the OIG audit team advised the Division of Special Education that the information in the database was not complete and sometimes inaccurate, the database information relating to special education was "scrubbed" through a verification process.

Page 22

Required Services Were Not Provided: DCPS did review special education programs at approximately 60 nonpublic day schools and charter schools. This number does not include the multiple sites of some of the schools monitored. The review and monitoring process does involve the educational progress of students as documented in their student files or portfolios.

Recommendation 3 (Pages 22-23):

- 3.a. The SETS office is continuously auditing the data entered by DCPS schools, and is monitoring the monthly milestones for continued implementation. The nonpublic day and residential units meet with SETS personnel on a weekly basis to review various reports for accuracy and completeness of data. Two additional data specialists are being hired to provide more technical support.

Recommendation 3 (cont'd):

- 3.b. The Division of Special Education has requested additional personnel for the residential and nonpublic day school units. Additionally, the fiscal officer for the division has developed a process for the review and approval of tuition, and a form that would standardize requests for payment and simplify the review process. DCPS is negotiating with class counsel on the use of this form as well as changes in the current payment procedures. Chapter 30 of Title 5 of the District of Columbia Municipal Regulations has been revised to reflect the requirements of the 1997 amendments to the IDEA, and establish the criteria for consideration as a nonpublic school provider. An application for consideration as a nonpublic provider has been developed as well. The criteria for consideration and the application will support a system of approval as a nonpublic provider and support standardization of rates and allowable costs. The DCPS Office of Contracts and Acquisitions is working with the Division of Special Education on the procedures and process for approval through contract.
- 3.c. Meetings have been held with the directors of nonpublic and charter schools to explain policies and procedures and introduce them to the monitors with whom they will be working on- and off-site during the 2000-2001 school year.